

31 OCT 1974 74-1381/1

MEMORANDUM FOR: Secretary, CIA Management Committee  
FROM : Director of Personnel  
SUBJECT : Ninety Percent Limitation on Total Compensation to Rehired Retired Annuitants

1. Action Requested: That the Management Committee reconfirm the Agency's policy of the 90 percent limitation on the total compensation payable under [ ] to U. S. Government civilian annuitants rehired as contract employees and that the applicable portion of [ ] be revised to eliminate any ambiguity with regard to this policy.

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25X1A

2. Basic Data or Background: Attached is a copy of a memorandum, dated 25 April 1974, to the Secretary, CIA Management Committee concerning the Agency's policy on the method of computation of the total amount of compensation payable under [ ] to civilian annuitants rehired by the Agency as contract employees.

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a. In late 1967 as a deterrent to the rehiring of annuitants, the Agency adopted the 90 percent limitation payable to retired annuitants hired under contract. Under that policy, the amount of compensation payable to a rehired annuitant plus his annuity cannot exceed 90 percent of the current salary of the grade and step held at the time of retirement. Independent contractors thus rehired are normally paid on a fee per task basis with the 90 percent limitation based on total compensation payable during a contract year.

b. The same 90 percent limitation applies to those annuitants rehired as contract employees except that, if employed on less than a full time basis, the contractual per hour compensation must be reduced by the per hour annuity rate. The pertinent portion of [ ] as it pertains to employment of retired annuitants as contract employees reads:

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"The salary to be paid will be negotiated with due regard to the special qualifications of the individual and requirements of the assignment. However, in no case may the salary payments to the annuitant under contract plus his annuity exceed the pay rate of the step closest to 90 percent of the current salary of the individual's grade and step at the time of his retirement."

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3. Staff Position: The Deputy Director for Administration concurs in the recommendation listed below.

4. Recommendations: a. That you reconfirm the 90 percent compensation limitation payable to civilian annuitants rehired as contract employees or independent contractors.

b. Approve the following revision  
[redacted] to eliminate any ambiguity as to the amount of compensation payable under the 90 percent rule to an annuitant rehired as a contract employee:

"Contract Employee. The salary to be paid will be negotiated with due regard to the special qualifications of the individual and requirements of the assignment. However, in no case may the salary payments to the annuitant under contract plus his annuity exceed the pay rate of the step closest to 90 percent of the current salary and grade and step at the time of his retirement. The foregoing requirement applies identically to compensation expressed in any individual time increments, i.e., per hour."

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[redacted]  
F. W. M. Janney

Director of Personnel

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APPROVED: [redacted]

DISAPPROVED: \_\_\_\_\_

2 NOV 1976

Date

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